



# PAYROLL CURRENTLY

The Compliance Publication of the American Payroll Association

Volume 18

Issue # 3

March 5, 2010

## **DOL Recovers \$1 Million in Back Wages for Hurricane Katrina Workers**

Fluor Enterprises, Inc., headquartered in Irving, Texas, is primarily engaged in engineering, procurement, and construction. In the aftermath of Hurricane Katrina, Fluor entered into a contract with the Federal Emergency Management Agency (FEMA) to provide general contracting services. Fluor subcontracted the job of inspecting temporary housing trailers for displaced residents to Universal Project Management, Inc. pursuant to the FEMA contract.

The U.S. Department of Labor's (DOL) Wage and Hour Division found that the companies failed to pay overtime compensation during the hurricane recovery effort to workers involved in inspecting the trailers. The workers were paid straight time for all hours worked, and were not paid time and one-half their regular rate for hours worked over 40 in a week, as required by the Fair Labor Standards Act (FLSA). The DOL reported that some employees worked up to 84 hours in a week without receiving overtime. The DOL sued Fluor and Universal as joint employers for violating the overtime provisions of the FLSA.

On February 8, 2010, Fluor entered into a consent judgment resolving its part in the DOL lawsuit. The judgment acknowledges Fluor's payment of \$1 million to the DOL, covering the overtime claims of affected employees between September 1, 2005, and December 31, 2006. It provides Fluor with a complete defense to any action brought against it by the DOL or by affected employees for FLSA violations during that time period, but does not prevent the DOL from acting to recover unpaid overtime in connection with FLSA violations that occurred after December 31, 2006 [*Solis v. Universal Project Management, Inc.*, No. 4:08-cv-0517 (SD Tex., consent judgment filed 2-8-10)]. Commenting on the consent judgment, Secretary of Labor Hilda Solis said, "Workers who help rebuild our communities and secure the safety of local residents following natural disasters should be fairly and legally compensated for the work they perform."

*Note:* Universal never responded to the DOL's lawsuit and, on September 3, 2009, the court entered a default judgment against the company, ordering it to pay more than \$1.8 million in back overtime owed to its employees, plus an equal amount in liquidated damages.